Relaxation of Credit Norms by Banks

3063. SHRI M. VINCENT: Will the Minister of FINANCE be pleased to state:

(a) the details of the package measures taken both by Government and the Reserve Bank of India to relax credit norms by banks; and

(b) whether there has been a regular follow-up and monitoring of the banks performance in this regard, everything when specific complaints are lodged by the disappointed loan applicants?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JANARDHAN POOJARI): (a) Reserve Bank of India (RBI) have issued certain instructions liberalising the dispensation of credit in respect of some schemes by allowing further concessions.

(I) Under the scheme for providing Self-Employment to Educated Unemployed Youth (SEEUY), the loans between Rs. 25,000 and Rs. 35,000 would now carry a lower interest as applicable to loans for Rs. 25,000 and less. Further, no margin or collateral security would be required for loans exceeding Rs. 25,000.

(II) According to the guidelines of RBI, investment loans upto Rs. 5,000 in agriculture and its allied sectors were to be given without asking for collateral security or third party guarantee. This facility has recently been extended for loans upto Rs. 10,000 given to Integrated Rural Development Programme (IRDP) beneficiaries.

(III) In respect of credit to large/medium industries, RBI has taken following measures for relaxation of credit norms etc. effective 1st July, 1987 in respect of borrowers under Credit Authorisation Scheme, banks need not seek prior authorisation of RBI for sanction and release of additional working capital limits provided they comply with (i) second method of lending (ii) submission of all data/information prescribed under quarterly information system regularly and (iii) inventory/receivables norms. Further, banks have been given discretion to relax norms for levels of inventory/receivables upto 20 per cent of prescribed norms/past levels for above borrowers where justified and for reasonable period.

Banks may sanction credit limits on an *ad hoc* basis for temporary period, not exceeding 3 months, upto 25 per cent of the existing packing credit limits and 10 per cent of the existing working capital limits (other than packing credit limits), suoject to overall ceiling of Rs. 4 crores as against Rs. 2 crores permitted hitherto, besides, the ceiling of Rs. 1 crores for allowing additional temporary *ad hoc* inland bills. limits upto 10 per cent of the existing bill limits, of such borrowers was raised to Rs. 2 crores.

(b) In areas covered by special schemes like Integrated Rural Development Programme (IRDP), Self-Employment to the Educated Unemployed Youth (SEEUY) etc. the concerned authorities like DRDAs, DICs, regularly monitor the progress of the scheme. Further, Controlling Offices of various banks have been asked to visit rural branches on regular basis when, besides supervision of operation of branches, they also look into the complaints. The branch managers have also been asked to remain present at their office, on a fixed day in each month for meeting the complainants.

National Fund for Investment of Unaccounted Money

3064. SHRI M. VINCENT: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that there is a proposal to set up a National Fund exclusively open for the investment of unaccounted money; and